OFFICE OF THE CHIEF FINANCIAL OFFICER

REVISED FY 2000 AND 2001 ANNUAL PERFORMANCE PLANS

The Secretary established the Office of the Chief Financial Officer (OCFO) in 1995 under authority provided in Reorganization Plan No. 2 of 1953 (7 U. S. C. 2201) to comply with the CFO Act of 1990. With approximately 1,765 employees, OCFO focuses on the Department's financial and performance management activities to improve program delivery and assure maximum contribution to the Secretary's Strategic Goals. In addition to its Department-wide responsibilities, OCFO is responsible for the oversight, policy, and operation of the Department's National Finance Center (NFC) in New Orleans, Louisiana. The CFO legislation mandates comprehensive reform of Federal financial operations, requiring long-range planning, audited financial statements, and accountability and measurement reporting. In order to accomplish this mandate, the OCFO has formulated the following mission statement.

Mission Statement: OCFO will shape an environment in which USDA officials have and use high quality financial and performance information to make and implement effective policy, management, stewardship and program decisions.

The Strategic Plan contains information about how the CFO organizational role has expanded in response to Congressional and Federal mandates. Congressional mandates include the Chief Financial Officers Act of 1990, the Federal Managers' Financial Integrity Act (FMFIA), and the Federal Financial Management Improvement Act (FFMIA). Seven other major pieces of legislation that affect OCFO include the Government Performance and Results Act (GPRA), the Federal Grants and Cooperative Agreements Act, the Government Management Reform Act, the Clinger-Cohen Act, the Federal Credit Reform Act, the Single Audit Act, the Cash Management Improvement Act, the Prompt Payment Act, the Debt Collection Improvement Act (DCIA), and the Inspector General Act.

The Department has developed a set of four management initiatives that are essential to carry out its three strategic goals. The OCFO Strategic Goals and objectives support Management Initiative #4, improve financial management and reporting. The key performance goals provided in this Annual Performance Plan establishes the plan of action that will produce the relevant, useful information that program decision makers need to make critical policy decisions.

This performance plan reflects the changes that have been made to OCFO's Strategic Plan. A critical review of strategic objectives led to the conclusion that some were better classified under Means and Strategies. Elimination of these objectives resulted in no corresponding loss in the focus of the plan. We have eliminated redundancies and improved the clarity of the organization's goals and the means by which they are achieved. It is anticipated that the Strategic Plan will continue to evolve as OCFO examines its role in, and the methods for, promoting sound financial management in USDA.

Strategic Goal #1: Promote sound financial management through leadership, policy and oversight.

Program Activities: Chief Financial Officer

	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
Funding (In thousands of dollars)				
Appropriated	$3,670	$3,724	$4,191	$5,462
Reimbursable	1,475	1,752	2,130	2,252
Working Capital Fund	0	0	0	0
Total Funding	$5,145	$5,476	$6,321	$7,714
FTEs				
Appropriated	43	40	58	58
Reimbursable	13	16	19	19
Working Capital Fund	0	0	0	0
Total FTEs	56	56	77	77

Objective 1.1: Achieve an unqualified audit opinion on USDA's consolidated financial statements.

PERFORMANCE GOALS AND INDICATORS	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Number of stand alone financial statements receiving unqualified opinions.	3	3	3	5

Baseline: The Office of the Inspector General is responsible for auditing 6 entities, each of which must receive an unqualified audit opinion in order for the USDA consolidated financial statement to receive an unqualified opinion.

Discussion of Annual Performance Goals: Achieving an unqualified audit opinion on the Department's consolidated financial statements and agency specific financial statements will assure the users of USDA's financial information and our constituents that USDA's financial systems are sound and generate consistent, reliable, and useful information. We expect unqualified audit opinions on 5 of 6 individual statements for fiscal year (FY) 2000. This determination will not be made until FY 2001, when the financial statements are audited. Our goal is to achieve an unqualified opinion on the consolidated statement for FY 2001, which will require that all 6 individual statements receive an unqualified opinion. Success will be determined in FY 2002.

Means and Strategies: To accomplish the goals set forth in this plan for FY 2001, we have requested additional resources to hire staff, including systems analysts, accountants, and financial managers. OCFO requires increased knowledge and associated skills to assist USDA agencies in the resolution of complex financial management problems and issues and help their staffs establish core competencies. To assist the agencies, staff must be knowledgeable in the underlying programs, current information technology and the financial systems requirements of OMB; the Joint Financial Management Improvement Program (JFMIP); the FFMIA; the financial standards and reporting requirements of the Financial Accounting Standards Advisory

Board (FASAB); and the U.S. Government Standard General Ledger. In addition, staff require knowledge of USDA financial systems, including the Foundation Financial Information System (FFIS) and agency financial and mixed systems. Staff also requires knowledge of efficient budget formulation and execution, the proper reporting of receivables and delinquencies, managerial cost accounting, and techniques for review of fees and charges.

OCFO actively participates with intergovernmental councils and oversight agencies, such as the Office of Management and Budget (OMB), the General Accounting Office (GAO), the General Services Administration, the Department of Treasury, and others to formulate Government-wide financial management policy. OCFO contributes to public and private financial standard-setting organizations, such as the Federal Accounting Standards Advisory Board (FASAB) and the Private Sector Council. Participation with these entities aids the development of sound financial policies, and ensures that consistent guidance is provided to customers and stakeholders.

Cost information is necessary for good financial decision making, as well as to support GPRA and unqualified audit opinions. In fiscal years 2000 and 2001, OCFO will continue incremental progress toward full implementation of cost accounting systems and standards, with special emphasis on project accounting in our initial phase.

Appropriated funds provide the majority of resources necessary for establishing and monitoring policy and providing consultation and advice for USDA officials. We will continue to work with other USDA entities to make the most appropriate use of the resources available for timely and reliable financial management information, advice, and counsel.

Verification and Validation: The Inspector General will render a written audit opinion on USDA's consolidated financial statements. As part of this process, the OIG will render opinions on required component agency statements. The opinion for FY 2000 will be issued at the conclusion of the financial statement audit during FY 2001. Similarly, the 2001 opinion will be issued during FY 2002.

Objective 1.2: Ensure prompt resolution of Department-wide audit and internal control findings.

PERFORMANCE GOALS AND INDICATORS	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Promote timely correction of internal control deficiencies.				
Percent of audits where corrective action is proceeding as scheduled.	61	62	70	75
Percent of material FMFIA internal control deficiencies where corrective action is proceeding as scheduled.	46	60	70	75

Baseline: The baseline for audit and FMFIA internal control deficiencies was established from data reported in the Secretary's Management Report for FY 1998 (9/30/98), where corrective actions were on schedule for 61 percent of OIG audits and 46 percent of FMFIA internal control deficiencies.

Discussion of Annual Performance Goals: Effective management controls are an essential element of Departmental efforts to protect assets and conserve scarce resources. The adequacy of management controls is determined primarily by FMFIA reviews by management and audits issued by OIG and GAO. In each instance, corrective action plans are developed and implemented. Timely completion of both audit action plans and FMFIA corrective action plans will be measured by an increase in the number of instances in which the completion dates are met. In the case of audit reports issued by the OIG recommendations by independent practitioners for Single Audits conducted for recipients of Federal domestic financial assistance are included. OCFO was delegated responsibility for control, analysis, and distribution of Single Audit reports to the appropriate program personnel. Therefore, the timely resolution of audit recommendations also requires the timely distribution of the Single Audits.

Means and Strategies: The FY 2000 performance goal relating to internal control deficiencies has been revised to reflect a more realistic target for correction of internal control deficiencies; however, substantial progress toward improved performance on the part of USDA agencies is still anticipated as indicated in the revised target. To accomplish the goals set forth in this Plan for FY 2001, additional resources have been requested in the FY 2001 budget.

Verification and Validation: Information generated from an audit tracking system implemented in FY 1999 will enable management to determine more readily if performance targets are met for the timely correction of audit and internal control deficiencies. Semiannual reports to Congress on the status of audit resolution will include sufficient information to identify those audits where corrective action was not completed in a timely manner. OCFO performs extensive analysis and reconciliation procedures to ensure the accuracy of reported audit information. New management decision data from the OIG tracking system are reviewed and compared to physical documents to identify and resolve discrepancies or entry errors. Analyses supporting all closure actions are reviewed by supervisory personnel prior to the entry of closure data into the CFO audit tracking system. Reconciliations are performed for each reporting period to verify beginning, ending, and changes in inventory values.

The level of compliance with FMFIA is assessed each year using management information from a variety of sources, including input from program managers. The results are reported to the President and Congress annually in the Annual Program Performance Report or the Accountability Report. Also, the annual report on internal controls is generally reviewed by the OIG during field work associated with the annual audit of financial statements.

Objective 1.3: Reduce outstanding delinquent debts to USDA, limit the increase in number of new delinquencies, and increase use of Electronic Funds Transfer (EFT) for payment.

PERFORMANCE GOALS AND INDICATORS	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Improve the ratio of collectable delinquencies to total receivables.	1.5%	1.1%	1.0%	1.0%
Increase percentage of payments made by EFT.	59.0%	73.0%	77.0%	80.0%

Baseline: In FY 1997, USDA's total receivables were $104.5 billion, of which $2.0 billion (1.97 percent) qualified as collectable delinquent debt. Based on these figures, OCFO projects that the Department will reduce the amount of collectable delinquent debt to $783 million (.0075 of total receivables).

Discussion of Annual Performance Goals: OCFO is responsible for providing policy guidance, advice, consultation, and oversight on a variety of fiscal and related legislation including the Debt Collection and Improvement Act (DCIA), the Cash Management Improvement Act (CMIA), prompt payment legislation, and the Credit Reform Act. The DCIA has a number of provisions with implementation dates established by Treasury guidance. Implementing DCIA requires changes in agency systems and processes, e.g., implementation of full electronic funds transfer systems that communicate data to Treasury, etc.

Means and Strategies: USDA has a variety of tools at its disposal to improve collection of delinquent debt. These include referring debts for Treasury offset, cross servicing, Internal Revenue Service 1099 reporting, and internal/ external salary offset programs. USDA plans to achieve the EFT goals by notifying vendors of the EFT requirement; providing sign-up procedures; offering vendors invoice information via the Internet; and partnering with the Department of the Treasury and USDA agencies to explore new EFT payment tools.

Verification and Validation: The effectiveness of DCIA implementation will be reviewed by OCFO and verified through reports from OIG and the Treasury. OIG audits receivable reports as part of its audit of the consolidated financial statements.

Objective 1.4: Promote performance management and accountability throughout the Department.

PERFORMANCE GOALS AND INDICATORS	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Issue Annual Program Performance Report or Accountability Report by due date.	n/a	n/a	n/a	3/31
Issue Department-wide Strategic Plan by 9/30/00.	n/a	n/a	9/30	n/a

Discussion of Annual Performance Goals: In response to the requirements of the Government Performance and Results Act, USDA will submit its first annual performance report to Congress by March 31, 2000. This report will feature agency progress toward achieving planned performance goals. In addition, USDA will submit a revised Strategic Plan to Congress by September 30, 2000. Implementation of an Accountability Report would incorporate the Annual Program Performance Report and would be due at the same time period. The issuance of an annual program performance report will provide information on actual performance and progress on achieving goals and objectives in the Department's Strategic Plan and the Department's Annual Performance Plan.

One initiative underway to focus on management challenges and performance at the Department level is the production of a Department-wide Strategic Plan, rather than the current compendium of agency/mission area plans. OCFO will work with senior agency officials to provide Department-wide strategic planning, leadership, and results-based coordination for corporate, mission-critical programs, initiatives, and activities. USDA mission areas and staff offices will be accountable for demonstrating progress against Department-wide performance goals. In addition, by 2001 an accountability report will be issued. This report will consolidate several statutory and administrative reporting requirements. Analysis of program performance data and subsequent feedback to managers is crucial to ensure desired program results are achieved. The achievement of significant milestone activities required to implement this new undertaking are reflected above as interim targets.

Means and Strategies: The FY 2000 performance goals and indicators relating to the accountability report have been revised partially, because of the necessity to allocate limited resources to higher priority projects. By temporarily shifting personnel from other areas, however, OCFO will produce an Accountability Report for in FY 2001 for FY 2000, although not according to the original schedule. To accomplish the goals set forth in this Plan for FY 2001, additional resources have been requested in the FY 2001 budget.

The implementation of new reporting requirements associated with GPRA, Single Audit, and related management accountability activities in the Department also requires additional appropriated funding in FY 2001. Staff must be knowledgeable about in requirements associated with FMFIA, GPRA, audit resolution and other Federal financial management initiatives. In addition, project management skills will be essential to the compilation and publication of the accountability report.

Verification and Validation: External reports to the President and Congress are accompanied by a dated transmittal letter. The timeliness with which OCFO releases external reports is evaluated by comparing the actual transmittal date with the required transmittal date. In addition to OCFO reviews, the quality of reports is assessed by both the GAO and the OIG.

Strategic Goal #2: Create an infrastructure to carry out financial management policies.

Program Activities: Chief Financial Officer

	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
Funding (In thousands of dollars)				
Appropriated	$571	$574	$769	$1,003
Reimbursable	0	0	0	0
Working Capital Fund	11,425	15,667	19,531	25,160
Total Funding	$11,996	$16,241	$20,300	$26,163
FTE				
Appropriated	10	8	11	11
Reimbursable	0	0	0	0
Working Capital Fund	32	44	44	44
Total FTEs	42	52	55	55

Objective 2.1: Implement an integrated financial management information system for USDA.

PERFORMANCE GOALS AND INDICATORS	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Implement the Foundation Financial Information System (FFIS). No. of FTE served (cumulative).	n/a	528	44,554	75,257

Discussion of Annual Performance Goals: USDA must implement FFIS to comply with the CFO Act requirements, other laws and regulations, and requirements of the Joint Financial Management Improvement Program. USDA succeeded in implementing the Forest Service and Food Safety and Inspection Service on FFIS on October 1, 1999. These agencies join the Risk Management Agency, implemented on October 1, 1998, and the OCFO, implemented on October 1, 1997. FFIS now serves nearly 45,000 employees, about half of the Department's workforce, and represents an important step toward improving USDA's financial accountability. These implementations have been so successful that the Secretary has directed that the remaining implementation schedule be accelerated. In FY 2000, work is proceeding on schedule to implement Rural Development, the Farm Service Agency, the Natural Resources Conservation Service, and the Animal and Plant Health Inspection Service on October 1, 2000.

Means and Strategies: Implementation strategies currently employed by the FFIS Project Office have proven effective and will be used for future FFIS implementations. The Secretary's FFIS Executive Steering Committee continues to oversee the project.

Verification and Validation: FFIS implementations will be verified by review of FFIS implementation against the project plan to ensure that goals have been achieved. OCFO management and the FFIS Steering Committee will ensure that necessary reviews occur. The OIG also will review FFIS implementations.

Strategic Goal 3: Operate a financial center that produces timely and reliable information, and services.

Program Activities: Chief Financial Officer

	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
Funding (In thousands of dollars)				
Appropriated	$0	$0	$0	$0
Reimbursable	0	0	0	0
Working Capital Fund	148,041	153,928	172,773	176,016
Total Funding	$148,041	$153,928	$172,773	$176,016
FTE				
Appropriated	0	0	0	0
Reimbursable	0	0	0	0
Working Capital Fund	1,602	1,595	1,626	1,626
Total FTEs	1,602	1,595	1,626	1,626

Objective 3.1: Improve efficiency and customer satisfaction with NFC operations.

PERFORMANCE GOALS AND INDICATORS	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Increase level of customer satisfaction.	n/a	Approach developed	Baseline developed	Begin service improve-ments
Achieve CMM Level II Certification NFC-wide.	n/a	Action plan developed	Develop implement-ation procedures	Complete rescheduled actions

Baseline: The baseline to establish the level of customer satisfaction will be established during FY 2000.

Discussion of Annual Performance Goals: The NFC will begin the process of measuring customer satisfaction by conducting a survey in FY 2000. In FY 1999, NFC determined the method of measurement, the survey instruments required, and the target audience. In FY 2000, NFC will issue the surveys, complete the measurement process, and establish the baseline against which future changes in customer satisfaction will be measured. For FY 2001, NFC will begin implementing the feasible service improvements identified in surveys that would increase customer satisfaction.

The Capability Maturity Model (CMM) serves as a standard for software engineering and management practices and is essential to support the increasing maturity of NFC's software engineering capabilities. It also presents a model against which other external software organizations can compare their own practices. The NFC plans to achieve Level 2 of the CCM for the NFC not later than FY 2003. During FY 1998, the Thrift Savings Plan division achieved CCM Level 2 capability. Work will proceed for the Application Services Division to achieve this capability during FY 2003 and bring the NFC to full certification at this level. Project objectives will be to define and install improved project management processes consistent with the requirements of CMM Level 2 in the areas of Requirements Management, Software Project Planning, Software Project Tracking and Oversight, Software Configuration Management, and Software Quality Assurance. Software Subcontract Management will be added as an activity if warranted by changes in NFC/Contractor relationships.

Means and Strategies: Achieving these performance goals will require continual support of customers in investing in the improvements of systems at the Center to realize the longer term benefits of a more efficient NFC and to reduce the internal costs of administrative operations. It will also require working with the Center's customers to develop budgets consistent with their ability to pay and expectation of future benefits. NFC will work with agencies to provide reliable and timely financial information needed to produce agency and consolidated financial statements.

Verification and Validation: OCFO will verify the improvement in customer satisfaction through the use of follow-up surveys to customers.

Achievement of Level 2 of the CMM will be determined by an independent assessor qualified to make such evaluations. Completion of CMM Level II requirements will be measured against the improvement action plan via tracking of earned value, in particular the cost performance index (CPI) and schedule performance index (SPI). Target value for these indices are .80 or greater.

Objective 3.2: Expand the NFC customer base to increase volume and reduce unit cost.

PERFORMANCE GOALS AND INDICATORS	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Increase in number of newly implemented payroll accounts (no. of new employees).	n/a	3,250	10,000[1]	10,000[1]
Annual increase in costs, exclusive of increases in research and development and costs associated with increased volume, is less than 50 percent of the increase in the sum of pay costs and inflation, while high quality service is maintained.	n/a	39%	Less than 50%	Less than 50%

[1] This amount represents a two-year average.

Discussion of Annual Performance Goals: It is a goal of the NFC business plan to add at least 10,000 new employees to the system each year in order to maintain its base of operations. The number of new clients to be added, their location, and the number and complexity of transactions associated with them among other things, affect the time it takes to implement new clients. Because of the complexity and interrelationship of all of these factors, OCFO determined that the 10,000 target for a single fiscal year is not always reasonable. Accordingly, beginning in FY 2000 the target of 10,000 new employees will represent a two-year average.

In response to customer concerns about rising costs, the NFC made a commitment to its oversight committee to keep costs under 50 percent of the net increase level each year. This commitment will be achieved through operational efficiencies and economies.

Means and Strategies: To achieve the goal of adding new payroll accounts, representatives from NFC participate as exhibitors in industry conferences and expositions to market products and services. NFC holds an annual NFC Expo to demonstrate new systems for current and potential customers. Throughout the year, meetings are conducted with potential clients to discuss the possibility of providing payroll services. In conjunction with new applications utilizing new technology, brochures have been produced as marketing aids. The brochures are included in packages sent as follow up to inquiries from potential customers.

Verification and Validation: The addition of new employees implemented under the payroll system will be verified by the change in accounts in the payroll system. OCFO will make this verification.

The Working Capital Fund Comptroller will review cost calculations and cost changes to verify that the annual cost increase, exclusive of research and development and volume associated costs, is less than 50 percent of the increase in the sum of pay and inflation.

SUMMARY OF AGENCY RESOURCES FOR FY 2000
(Dollars in thousands)

	GOAL 1	GOAL 2	GOAL 3	TOTAL
PROGRAM ACTIVITY Chief Financial Officer				
Appropriated Funds	$4,191 58 FTEs	$769 11 FTEs	$0 0 FTEs	$4,960 69 FTEs
Reimbursements	$2,130 19 FTEs	$0 0 FTEs	$0 0 FTEs	$2,130 19 FTEs
WCF Direct	$0 0 FTEs	$19,531 44 FTEs	$172,773 1,626 FTEs	$192,304 1,670 FTEs
Total Funds	$6,321 77 FTEs	$20,300 55 FTEs	$172,773 1,626 FTEs	$199,394 1,758 FTEs

SUMMARY OF AGENCY RESOURCES FOR FY 2001 (Dollars in thousands)				
	GOAL 1	**GOAL 2**	**GOAL 3**	**TOTAL**
PROGRAM ACTIVITY Chief Financial Officer				
Appropriated Funds	$5,462 58 FTEs	$1,003 11 FTEs	$0 0 FTEs	$6,465 69 FTEs
Reimbursements	$2,252 19 FTEs	$0 0 FTEs	$0 0 FTEs	$2,252 19 FTEs
WCF Direct	$0 0 FTEs	$25,160 44 FTEs	$176,016 1,626 FTEs	$201,176 1,670 FTEs
Total Funds	$7,714 77 FTEs	$26,163 55 FTEs	$176,016 1,626 FTEs	$209,893 1,758 FTEs